

Message Text

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ACTION EUR-08

INFO OCT-01 ISO-00 EB-04 SIL-01 PA-01 USIA-01 INR-05
MMO-01 FBOE-00 A-01 L-01 CIAE-00 /024 W
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R 281815Z FEB 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3638

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LIMDIS

E.O. 11652: N/A
TAGS: ETRD, UK
SUBJECT: LONDON TRADE CENTER

REF: LONDON 15098

1. I UNDERSTAND THAT NOTICE FOR RENEWING THE LEASE FOR THE LONDON TRADE CENTER MUST BE GIVEN BY APRIL 15, 1978, SIX MONTHS PRIOR TO THE EXPIRATION OF THE LEASE IN OCTOBER 1978. I CONTINUE TO BELIEVE THAT THIS IS THE OPPORTUNE TIME TO PHASE OUT THE TRADE CENTER OPERATION IN LONDON.

2. I HAVE NO REASON TO DOUBT THAT THE TRADE CENTER IS WELL-MANAGED, NOR DO I DOUBT THE NEED FOR THIS EMBASSY TO CONTINUE ITS EFFORTS TO PROMOTE OUR EXPORTS AND PROVIDE ASSISTANCE TO U.S. EXPORTERS AND LOCAL IMPORTERS OF U.S. PRODUCTS. I DO NOT BELIEVE, HOWEVER, THAT THE TRADE CENTER CONTINUES TO REPRESENT THE BEST USE OF LIMITED RESOURCES THAT WE HAVE AVAILABLE TO SUPPORT THESE EFFORTS.

3. JUDGING FROM THE MAJOR EXHIBITIONS HELD AT THE LONDON TRADE CENTER OVER THE PAST SIX MONTHS, THE CENTER
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IS BEING USED PRIMARILY AS A FACILITY FOR UK FIRMS TO MARKET U.S. PRODUCT LINES FOR WHICH THEY HOLD REPRESENTATION, AND, TO A LESSER DEGREE, AS A FACILITY FOR U.S. FIRMS HIGHLY EXPERIENCED IN INTERNATIONAL MARKETING TO SEEK REPRESENTATION (AND SALES) FOR NEWLY-ACQUIRED PRODUCT LINES. ONLY A SMALL MINORITY OF USERS OF THE TRADE CENTER APPEAR TO BE ACTUALLY NEW TO EXPORTING,

ALTHOUGH, ADMITTEDLY, THE CENTER MAY SERVE THE INTERESTS OF SUCH FIRMS INDIRECTLY. I QUESTION WHETHER WE SHOULD CONTINUE TO USE GOVERNMENT RESOURCES TO SUBSIDIZE SUCH SERVICES WHEN THEY ARE READILY AVAILABLE VIA BRITAIN'S HIGHLY DEVELOPED AND GROWING EXHIBITION INDUSTRY, WHICH, IN CERTAIN RESPECTS, OFFERS MORE SUITABLE SETTINGS THAN THE TRADE CENTER FOR U.S. FIRMS TO GAIN EXPERIENCE IN THE REALITIES OF BRITISH AND OTHER OVERSEAS TRADE.

4. IN RECENT YEARS BRITAIN'S OWN TRADE EXHIBITION FACILITIES HAVE EXPANDED AND IMPROVED. THE OPENING OF THE NATIONAL EXHIBITION CENTER AT BIRMINGHAM TWO YEARS AGO CAN BE DESCRIBED AS THE BEGINNING OF A NEW ERA IN THE TRADE FAIR BUSINESS IN THE UNITED KINGDOM. THIS LARGE (ONE MILLION SQUARE FEET), MODERN, PURPOSE-BUILT EXHIBITION CENTER IS EMERGING AS ONE OF EUROPE'S FINEST, WITH PARTICIPANTS AND VISITORS TO THE CENTER'S SHOWS (BOTH DOMESTIC AND OVERSEAS) STEADILY RISING. OTHER INTERNATIONAL TRADE SHOWS, HELD AT SEVERAL SITES IN LONDON AND OTHER LOCATIONS, ARE GROWING IN IMPORTANCE AND MANAGING TO ATTRACT INCREASINGLY LARGER NUMBERS OF FOREIGN BUYERS AND EXHIBITORS. MANY OF THESE INTERNATIONAL SHOWS DUPLICATE SHOW THEMES NOW SPONSORED AT THE TRADE CENTER. THIS COMPLICATES THE TRADE CENTER'S EXHIBITOR AND BUYER RECRUITMENT EFFORTS.

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5. AN EMBASSY SURVEY INDICATES THAT THE COSTS FOR PARTICIPATION IN INTERNATIONAL TRADE SHOWS IN THE UK ARE NOT OUT OF LINE WITH THE FEES CHARGED PARTICIPANTS IN THE MAJOR RPT MAJOR U.S. TRADE CENTER SHOWS. HOWEVER THE U.S. TRADE CENTER FEES FOR "BUSINESS SPONSORED PROMOTIONS" HELD BETWEEN THE MAJOR U.S. TRADE CENTER SHOWS ARE CONSIDERABLY BELOW THOSE CHARGED FOR EQUIVALENT SPACE IN THE LOCAL MARKET. THIS REPRESENTS A HIGHLY-SUBSIDIZED SERVICE THAT PERMITS RECOVERY OF ONLY A NOMINAL PART OF THE ACTUAL COSTS INCURRED BY THE TRADE CENTER IN SPONSORING THESE EVENTS.

6. A LIMITED EMBASSY SURVEY OF UK REPRESENTATIVES OF U.S. FIRMS WHICH HAVE PARTICIPATED IN RECENT MAJOR TRADE CENTER SHOWS DOES INDICATE THAT, IN GENERAL, THEY HAVE BEEN HIGHLY SATISFIED WITH THE RESULTS OF THEIR PARTICIPATION. HOWEVER, THEY ADMIT THAT THE PROJECTED SALES FIGURES THEY HAVE ATTESTED TO AS RESULTING FROM THEIR PARTICIPATION ARE USUALLY HIGHLY OPTIMISTIC GUESSES AND ARE NOT "SOLELY" ATTRIBUTABLE TO THEIR TRADE CENTER

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PARTICIPATION. THOSE WHO USE BOTH THE TRADE CENTER AND INTERNATIONAL SHOWS TO PROMOTE THEIR PRODUCTS VALUE EACH, FOR DIFFERENT REASONS. THEY SEE THE TRADE CENTER AS PROVIDING AN INTIMATE, SPECIALIZED SHOW ATMOSPHERE, EXCELLENT STAFF SUPPORT, AND HIGHLY SELECTIVE BUYER ATTENDANCE. THEY ALSO LIKE THE CENTRALIZED LOCATION OF THE TRADE CENTER. ON THE OTHER HAND, THEY VALUE THE INTERNATIONAL SHOWS OVER THE TRADE CENTER FOR THE BETTER OPPORTUNITIES OFFERED TO COMPARE THEIR PRODUCTS AND PRICING WITH A BROAD RANGE OF THEIR BRITISH AND FOREIGN COMPETITORS. MOREOVER, THEY GAIN A BETTER UNDERSTANDING OF THE MARKETING SCENE IN GENERAL, AND ESTABLISH CONTACT WITH OVERSEAS BUYERS, INCLUDING THOSE ATTENDING FROM THE DEVELOPING COUNTRIES WITH WHOM BRITAIN HAS HISTORIC TRADING CONNECTIONS.

7. WHATEVER THE CASE THAT CAN BE MADE FOR THE LONDON TRADE CENTER, THERE ARE ALTERNATIVES TO PROMOTE THE SALE OF U.S. MANUFACTURERS IN THE UK MARKET THAT WILL PROVIDE US WITH GREATER FLEXIBILITY IN OUR EXPORT PROMOTION EFFORTS AND BE MORE SUITABLE IN TERMS OF COST-BENEFIT RATIO. GIVEN THE GROWING MULTIPLE DEMANDS BEING PLACED ON OUR LIMITED GOVERNMENT RESOURCES, CONTINUED MAINTENANCE OF A HEAVILY SUBSIDIZED TRADE CENTER IN LONDON
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COULD RESULT IN UNHELPFUL DISTORTION OF THE WHOLE RANGE OF THE EMBASSY'S TRADE PROMOTION PROGRAMS AND OTHER EQUALLY-VALUABLE EFFORTS TO SERVE AMERICAN BUSINESS.

8. I AM AWARE THAT SEVERAL OTHER TRADE CENTERS ARE BEING CONVERTED INTO INTERNATIONAL MARKETING CENTERS THAT WILL MANAGE OFF-SITE EXHIBITIONS AT MAJOR INTERNATIONAL TRADE SHOWS. THE CONCEPT SEEMS WORTH CONSIDERING FOR LONDON. BEFORE MAKING ANY RECOMMENDATION, HOWEVER, I WOULD HAVE TO KNOW MORE ABOUT THE RANGE OF RESOURCES IT WOULD ENTAIL IN TERMS OF FUNDS, PERSONNEL AND SPACE REQUIREMENTS.

9. MEANWHILE, I BELIEVE THE TRADE CENTER HERE SHOULD BE PHASED OUT, AND I HOPE THE MATTER CAN BE TREATED WITH SOME URGENCY IN VIEW OF THE APRIL DEADLINE FOR DECISION ON RENEWAL OF THE LTC PREMISES.
BREWSTER

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